



# ***NEWS RELEASE***

## **PRESS OFFICE**

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### ***PRESIDENT CLINTON DIRECTS SBA TO OFFER LOANS TO RELIEVE OIL PRICE STRAINS ON SMALL BUSINESSES***

**WASHINGTON** – President Clinton today asked the U.S. Small Business Administration (SBA) to make government-backed loans available to small businesses struggling under the financial burden of rapidly rising oil prices.

“I am today directing the Small Business Administration to make loans available to any qualified small business affected by rising oil prices,” the President said. “This will allow home heating oil dealers, for example, to extend flexible payment terms to their heating oil customers.”

The President has asked Congress for a supplemental appropriation of \$1 million, enough to fund \$86 million in loans. The loans would be made under existing 7(a) programs, and would be available to qualified businesses that need funds to weather current problems caused by high oil prices.

SBA Administrator Aida Alvarez said today that the agency will be able to meet the expected demand for funds without new loan programs. “SBA’s existing mix of loan products under the business loan guaranty program is flexible enough to deal with this situation. In fact, we have several short-term revolving loan programs, such as *SBAExpress* and *CAPLines*, which are especially suitable for helping these small businesses get through this temporary crisis.

“Right now, we have to make sure that these small businesses know what we can do for them,” she added.

Oil prices have more than doubled in the past year to more than \$30 a barrel, the highest in nine years. The price hikes – related to reduced production among major oil-producing countries – have raised the cost of all petroleum products, particularly heating oil and fuel oil.

On February 8, Administrator Alvarez issued instructions to SBA field offices to alert affected companies in the fuel oil business of SBA loan programs available to help them. Since then, oil prices have continued to rise, so that many other small businesses – especially those engaged in trucking and logging – are experiencing serious cash flow problems.

Companies like Alpha Oil Company, owned by Robert and Joyce Fernandes, have recently received SBA assistance. Mr. and Mrs. Fernandes operate two trucks and provide full oil service, delivery and repair to families in Burrillville and Pascoag in Northern Rhode Island and nearby Massachusetts.

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Their company has just been approved for a \$75,000 *SBAExpress* loan to establish a line of credit assisting them with their business cash flow to meet higher oil prices from their wholesalers.

Administrator Alvarez is asking SBA field offices – there are 70 spread across the country and at least one in every state – to conduct an aggressive outreach campaign to make sure that small businesses that have been affected by high oil prices are aware of the problem and aware of the solutions that can be found in SBA-backed loans and technical assistance.

Existing SBA programs like *SBAExpress* and the revolving credit lines featured under CAPLines allow SBA to provide guarantees on short-term working capital loans under favorable terms. Other SBA guaranteed loans may also be useful. The key for businesses wanting to apply for these loans is that they be able to demonstrate that they can repay them over time.

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*For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at [www.sba.gov](http://www.sba.gov).*